

# ] rexip [

**Company introduction and overview**

12 May, 2023

# Important notice and disclaimer

These materials have been produced by Pexip Holding ASA (the "Company", and with subsidiaries the "Group"). The materials have been prepared for the exclusive use of persons attending an oral briefing and meeting to which these materials relate given by a representative of the Company and/or persons to whom these materials have been provided directly by an authorized representative of the Company (the "Recipients"). For purposes of this notice, "materials" means this presentation, its contents and appendices and any part thereof, any oral presentation and any question or answer session during or after or in relation to any of the foregoing.

The materials are for information purposes only, and do not constitute or form part of any offer, invitation or recommendation to purchase, sell or subscribe for any securities in any jurisdiction and neither the issue of the information nor anything contained herein shall form the basis of or be relied upon in connection with, or act as an inducement to enter into, any investment activity. The materials comprise a general summary of certain matters in connection with the Group, and do not purport to contain all of the information that any recipient may require to make an investment decision. Each recipient should seek its own independent advice in relation to any financial, legal, tax, accounting or other specialist advice.

No representation or warranty (expressed or implied) is made as to any information contained herein, and no liability whatsoever is accepted as to any errors, omissions or misstatements. Accordingly, the Company or any such person's officers or employees accepts any liability whatsoever arising directly or indirectly from the use of the materials.

The materials may contain certain forward-looking statements relating to the business, financial performance and results of the Company and/or the industry in which it operates. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words "believes", "expects", "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets", and similar expressions. Any such forward-looking statements are solely opinions and forecasts which are subject to risks, uncertainties and other factors that may cause actual events to differ materially from any anticipated development. No liability for such statements, or any obligation to update any such statements or to conform such statements to actual results, is assumed.

These materials are not intended for distribution to, or use by, any person in any jurisdiction where such distribution or use would be contrary to local laws or regulations, and by accepting these materials, each recipient confirms that it is able to receive them without contravention of an unfulfilled registration requirements or other legal or regulatory restrictions in the jurisdiction in which such recipients resides or conducts business.

This presentation and related materials speaks only as of the date set out on the cover, and the views expressed are subject to change based on a number of factors. The Company does not undertake any obligation to amend, correct or update the materials or to provide any additional information about any matters described herein.

# Powering video everywhere with unique multi-platform video technology

## Patented **transcoding** architecture



### Centralized data processing

- Gives improved interoperability & browser experience
- Enables AI applications

## Run on **any compute** platform



### Works in all environments, including self hosted and sovereign clouds

- Enables total data privacy and control
- Easy to customize

Flexible **video technology** that powers everything from business communication to ultra secure government meetings, doctor's appointments and court proceedings

Powered by Pexip

# Pexip represents the Norwegian video communication heritage

Pexip represents knowledge, talent and culture built up over 30 years



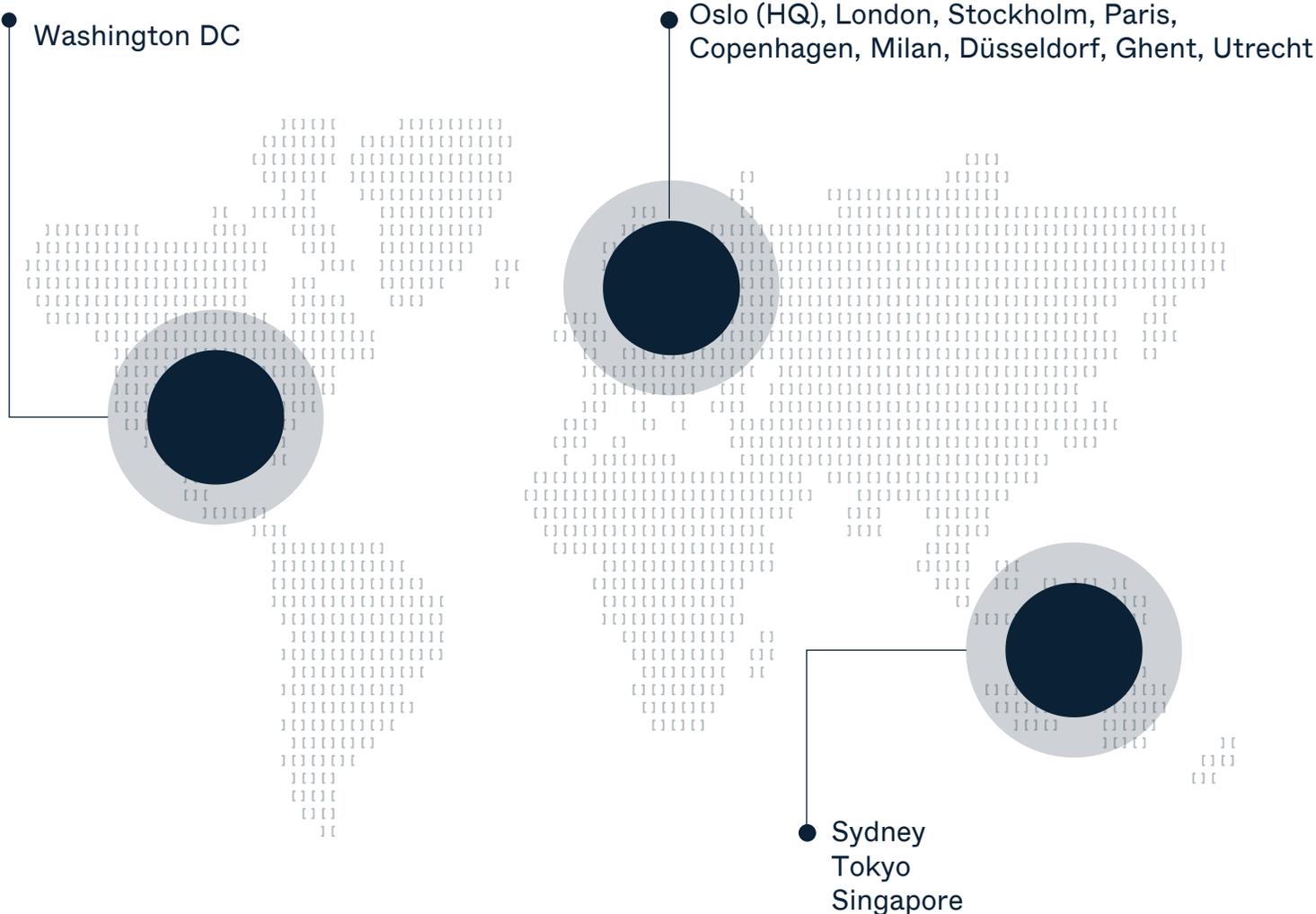
Cisco acquires Tandberg for USD3.3bn<sup>1</sup> in 2010

Pexip founded in 2011

1) At the time of acquisition

# Pexip at a glance

- 2011**  
founded
- 325**  
employees across 26 countries
- 12**  
offices across the world
- 300+**  
partners in 75 countries
- 4,000**  
enterprise and public sector customers
- ~\$100 million**  
in Annual Recurring Revenue (ARR)



# Focused on customer needs in two core solution areas, and are strengthening our position in both

## Connected Spaces



- Market and technology leadership strengthened through Q1
- Interoperable Multi-platform product for meeting rooms well received in the market
- FedRAMP and Poly partnership will amplify position and increase market share



Google



## Secure, customized solutions



- Pexip offers unique solution for self hosted and private cloud deployment—enabling complete privacy and security
- Technology alliances with Genesys, Realwear, etc broadens solution space
- Poly partnership will increase market share within the secure segment



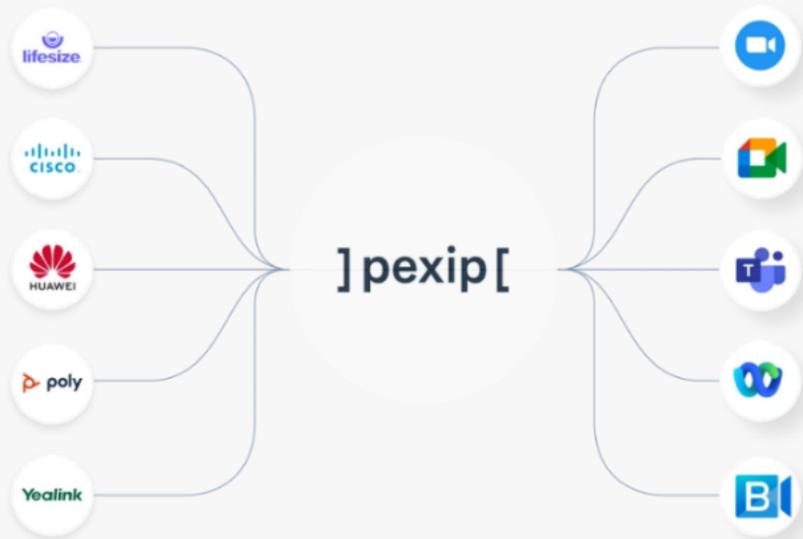
NOKIA



# Problems we solve

# Connected Spaces:

## Pexip bridges the gap between different technologies



### Best Microsoft Teams interop user experience

- Enables you to bring Teams to every meeting room
- Seamless, intuitive experience
- Familiar meeting features

### Cost savings

- Reduce costs on expensive video infrastructure
- Postpones investments into new video hardware when moving to a new video platform

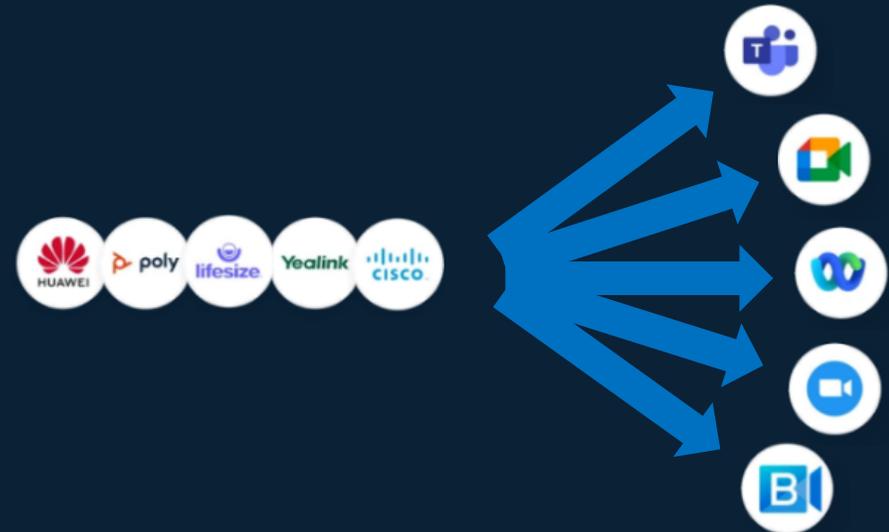
### Sustainability and easy user adoption

- Users can continue to use existing video hardware to join their video meeting of choice – no need for training
- Maintaining existing hardware longer reduces eWaste and carbon footprint

# Problem to solve:

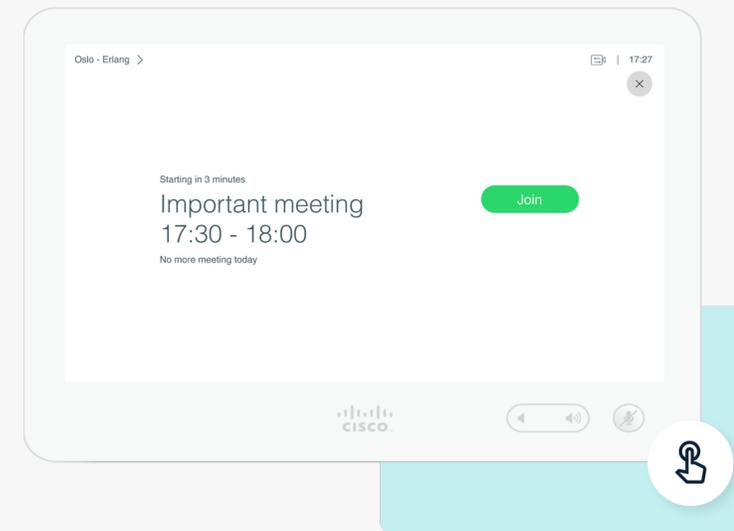
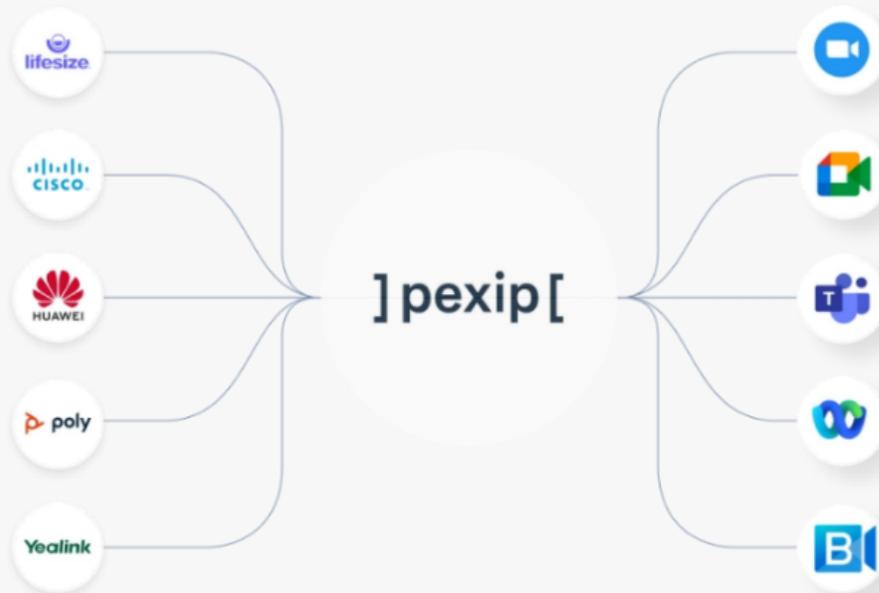


My organization is invited to video meetings on all major platforms and we would like to use our meetings rooms with video conferencing equipment to join all these meetings



# Solution

Pexip provides a solution that enables a smooth meeting experience for relevant video equipment and relevant meeting platforms



**Join a meeting with one click**  
Click one button.  
There. Enjoy the meeting.

# Security and privacy concerns driving demand for Pexip secure, custom solutions



**Geopolitical Complexity**



**Cyber Vulnerability**

- Many organizations are prohibited from using cloud solutions
- Business continuity and redundancy solutions are becoming top of mind
- Increased awareness in both public and private sector

## Pexip Secure Collaboration

A modern self-hosted collaboration tool with chat, video and file-sharing.



**Data sovereignty & control**



**Modern and supported solution**



**Interoperability**

# Problem to solve:

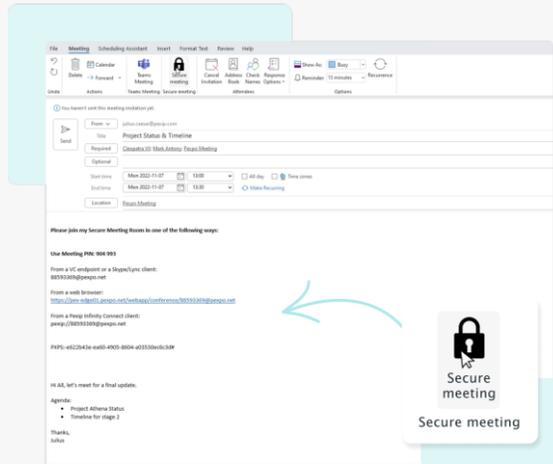


My organization is prevented from using cloud services that hosts all or parts of our data

Can we still have a modern video collaboration solution?

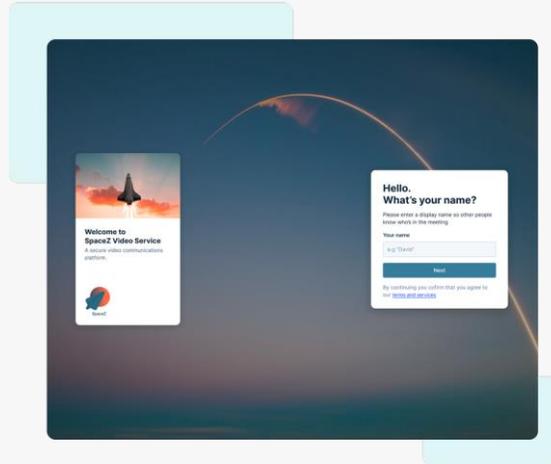
# A modern and tailored solution

Pexip provides a modern collaboration solution that can be hosted in the environment the organization prefers – no need to use a public cloud



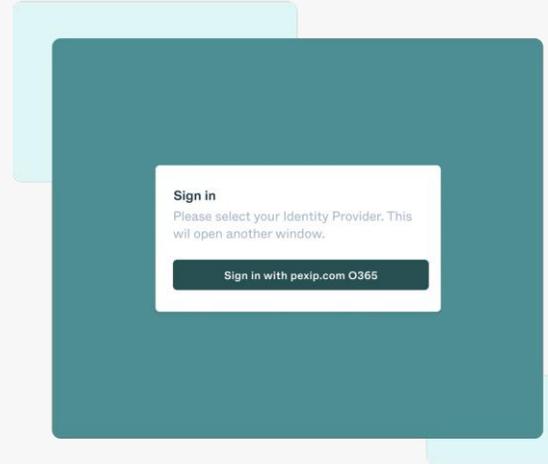
## Book with single button

An outlook plug-in makes meeting booking seamless and simple



## Provide a familiar experience through Branding

Customize your organization's meeting experience. Logo, colors, images and text. Your branding before, during and after the call.



## Tailored join experience

Trusted participants can join a meeting with the click of a button. Unfamiliar external participants are asked to authenticate themselves.



## Create security awareness

Make people aware that they are entering a meeting with heightened security needs with a pre-meeting recorded message and in-meeting visible classification levels.

# Other examples of problems we solve



My organization needs a customized video solution designed for a specific workflow



Our private 5G network needs a video solution to operate without internet connection



We need a business continuity solution to be used when Teams is down



Can we use existing equipment and connect to Teams meetings with a Teams like meeting experience?

# Investment case

# ]pexip[ Investment highlights

1

Certified video communication platform with unique technology and industry partnerships serving a broad range of companies and governments globally

2

Approx. USD 100 million in ARR – targeting large, high-growth markets with unique position towards lucrative enterprise segment

3

Rightsizing program completed Q4 2022 with resulting healthy cost base and clear path to profitability and positive Cash Flow

4

Targets EBITDA of NOK 100-150 million for 2023 and EBITDA cash conversion<sup>1</sup> of 40%

1) Free cash flow from operating cash flow and investing activities excluding one-off items  
Note: Assuming constant currency (LTM basis)

# Unique technology makes Pexip a preferred partner for the leading collaboration platforms



Sole interoperability provider for  Google Meet



Microsoft certification for [Skype for Business](#)

One of four certified providers for 



# Strategic partnership with Poly powering Poly's new video infrastructure solutions



Powered by Pexip



Powered by Pexip



Powered by Pexip

Offerings will be available through Poly's sales channels, improving Pexip's market reach



“We're thrilled to work with Pexip, a leading player in the market. This collaboration enables us to deliver secure private video communications via on-premise and cloud-based solutions, catering especially to security-conscious organizations.”

- Chris Moss, Product and Portfolio Management, HP Hybrid Systems

# A selection of organizations using Pexip

"It was important for us to have the capabilities to enable our people to communicate with our clients effectively. Given the large scale - 400,000 people - and over 4,000 video conferencing calls a month. Being able to bring those together is really important to us."

- David Petricca, Global Video & Collaboration Architecture Sr. Manager (Accenture)



Valtori Government ICT Centre



"Pexip enables our organization to maintain our high standards of privacy and security."

"Improved efficiency and interop for all in the organization."

"Seamless collaboration from anywhere to anywhere."



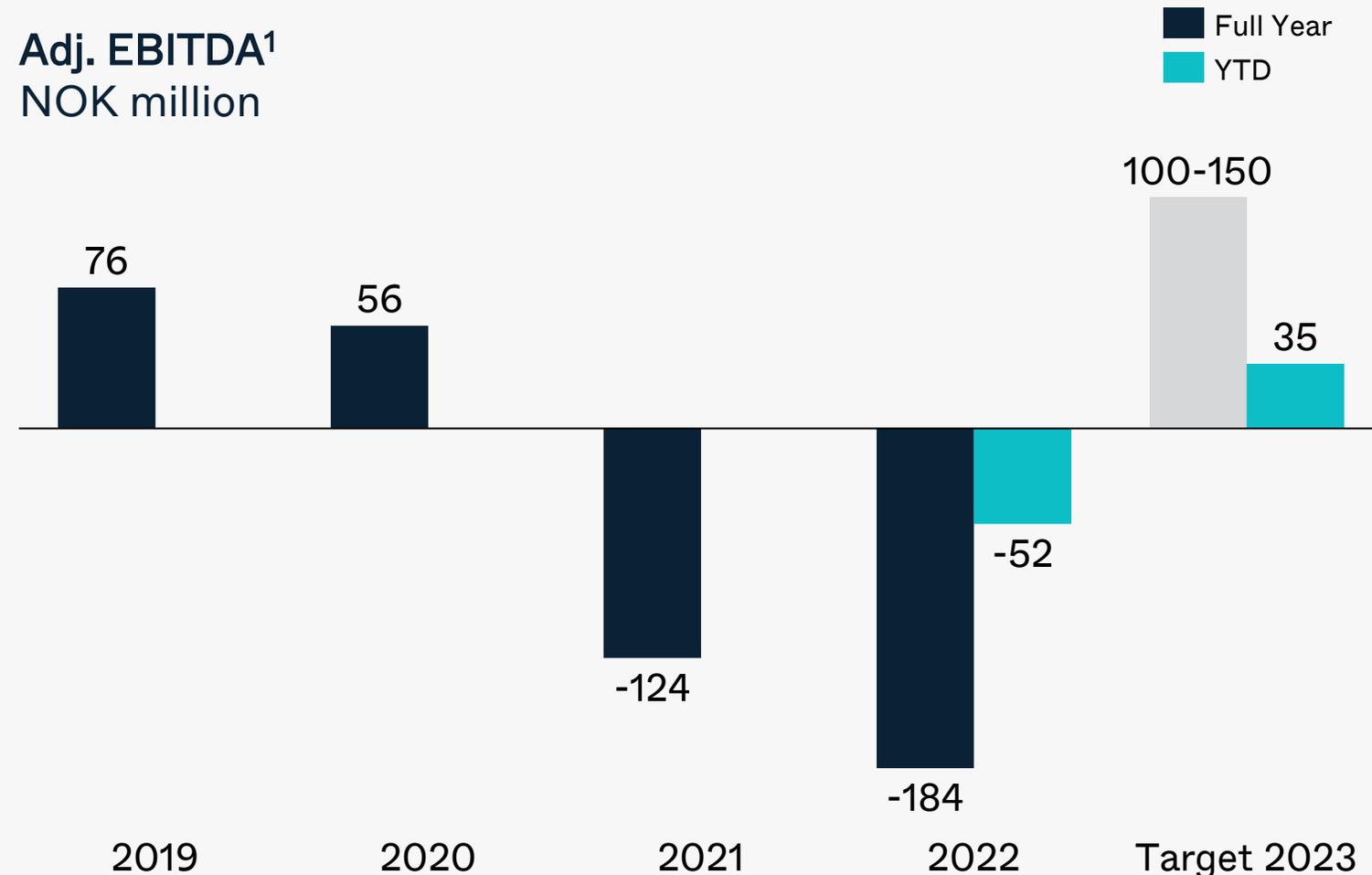
Nordea



intel®



# Turning around to a profitable company in 2023



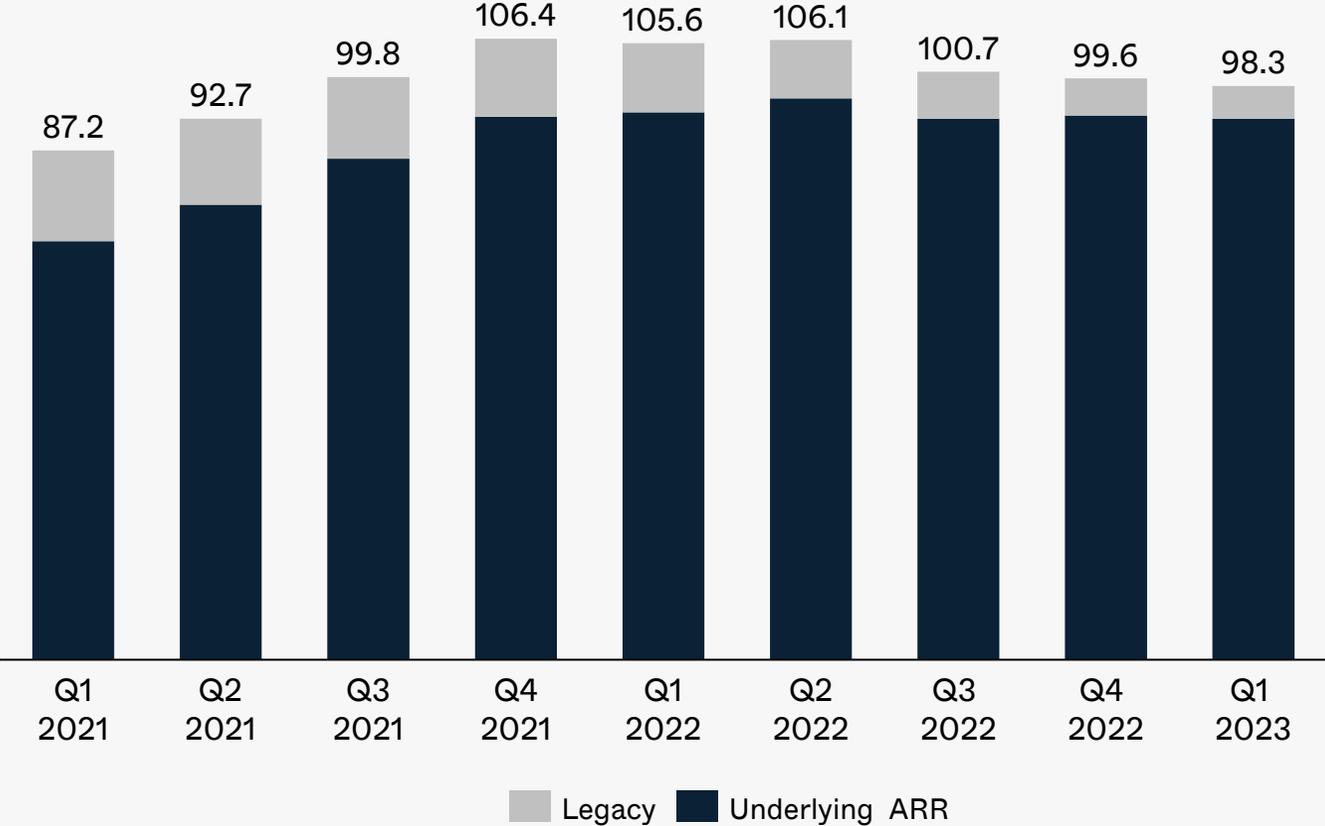
## Transformation highlights

- Have adapted cost base to current revenues, giving positive EBITDA and cash flow
- More focused strategy has enabled Pexip to strengthen differentiators in core markets, and strengthen strategic partnerships
- On track to reach 2023 targets

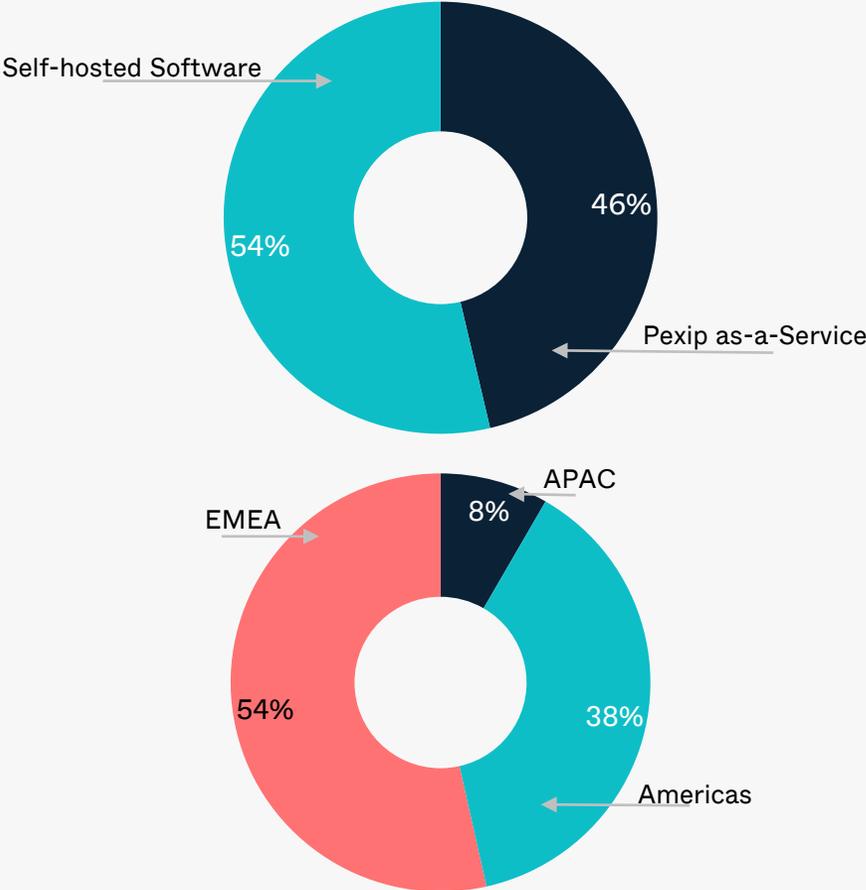
<sup>1</sup> Adjusted for IPO transaction costs in 2020 and restructuring costs in 2022

# Total ARR base at USD 98m in Q1 2023

Total ARR  
USDm



ARR split  
Q1 2023



# Connected Spaces

ARR  
USDm



- Continuous innovation ongoing to increase technology leadership in Connected Spaces
- Continue to win major customers with our leading technology, in particular on Teams interoperability
  - Large US federal government agency – Social Security Administration (SSA)
  - Major US based Aerospace and Defense Systems Integration Company
  - Announced new strategic partnership with Poly

# Secure and custom solutions



- Continued momentum for our Secure Collaboration products with recurring revenues in Secure Spaces growing 5% in Q1, and underlying y-o-y growth of 69%
- Increased awareness on cyber vulnerability and privacy gives Pexip an attractive position as a leading on-premise focused video collaboration provider
- Stable ARR in Video Innovation, with ARR of USD 21.2 million.
- Video innovation is still an immature market – however with large potential across several use cases and clear signals of increased market traction in attractive niches
- In Q1, we had several large renewals within secure and custom solutions. In addition, we had several new customers added this quarter, including:
  - A new service provider within TeleHealth
  - A new Swedish government agency within Secure Spaces

# Clear progress of return to profitability

- Positive revenue increase of 17% compared to Q1'22, of which 11 p.p. are driven by currency effects
- Continued positive EBITDA development, driven by realized effects of the cost reduction program and revenue growth
- Rightsizing program have given good results and we see clear signs of a healthy cost base and clear path to profitability and positive cash flow



1) EBITDA in 2022 adjusted for restructuring costs

# Cash flow - quarterly

- The overall cash flow is a net positive of 47 million NOK, driven largely by the improvement in our operating cash flow. Positive EBITDA, net working capital and exchange gains from receiving payments at a more favourable exchange rate main positive contributors to positive cash flow.
- Cash flow from investment activities is driven by investments in software developing, as well as an earn-out paid in relation to a portfolio acquisition which is non-recurring in nature.

## Cash flow from operations

NOK million



## Cash flow from investments

NOK million



# High gross margins across the business areas

## Gross profit by segment

NOKm

	Q1 2023	Q1 2022	YoY dev.
Revenue from Connected Spaces	158	149	6%
COGS of Connected Spaces	18	21	-14%
<b>Gross Profit from Connected Spaces</b>	<b>139</b>	<b>128</b>	<b>9%</b>
<i>Gross margin Connected Spaces</i>	<i>88%</i>	<i>86%</i>	<i>3 p.p.</i>
	Q1 2023	Q1 2022	YoY dev.
Revenue from secure, custom solutions	103	73	40%
COGS of secure, custom solutions	3	4	-32%
<b>Gross Profit from secure, custom solutions</b>	<b>100</b>	<b>69</b>	<b>45%</b>
<i>Gross margin secure, custom solutions</i>	<i>97%</i>	<i>94%</i>	<i>3 p.p.</i>

- COGS are mainly related to Connected Spaces, however both business areas with high gross margins
- The gross margin in both areas are improving compared to Q1 2022, mainly due to underlying efficiency improvements

# Q1 2023 Financial results

## Profit and loss NOKm

	Q1 2023	Q1 2022
<b>Revenue</b>	<b>260.6</b>	<b>222.5</b>
Cost of goods sold	21.3	25.8
<b>Gross Profit</b>	<b>239.3</b>	<b>196.7</b>
Salary and personnel exp.	159.6	188.1
Other operating exp.	45.0	61.3
Other gains and losses	-0.3	0.0
<b>EBITDA</b>	<b>35.1</b>	<b>-51.8</b>
D&A	29.1	23.3
<b>Operating profit</b>	<b>6.0</b>	<b>-75.1</b>
Net financial income / (expenses)	25.9	-7.5
<b>Profit before income tax</b>	<b>31.9</b>	<b>-82.6</b>

- 17% increase in year-on-year Q1 revenue, driven by currency exchange changes and stronger Software-as-a-Service revenues
- COGS is mainly relating to sale of Pexip-as-a-Service and is lower year-on-year despite higher revenue. This is mainly due to underlying efficiency improvements.
- Improved EBITDA of positive NOK 35 million from lower operating expenses, up from negative NOK 52 million in Q1 2022.

# Outlook and 2023 targets

Generally positive market outlook across the business areas

Poly partnership and FedRAMP Authorization provide additional momentum into H2 2023

On track on EBITDA and revenue targets, trending above target for cash flow

Q2 2023 ARR expected 97-100 million

## Target 2023 EBITDA of NOK 100-150 million

We aim to become a profitable business, with targets supported by the solid progress on the cost reduction program

**Progress after Q1: On track**

## ~40% EBITDA cash conversion in 2023

We target minimum NOK 40-60 million free cash flow<sup>1</sup>

**Progress after Q1: Trending above target**

## Flat to positive revenues

We target stable to positive development in annual recurring revenues

**Progress after Q1: On track**

<sup>1</sup>) Free cash flow from operating cash flow and investing activities excluding one-off items

**Thank you for listening!**

[Investor.pexip.com](http://Investor.pexip.com)